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THE IMPACT OF INFORMATION TECHNOLOGY ON THE BANKING INDUSTRY (WITH SPECIAL REFERENCE TO NAGPUR DIVISION)

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ABSTRACT :

At a time when the world over was undertaking a radical revolution due to the all pervasive impact of information technology one sector that has undergone major changes as a consequence of the application of it has been banking. The present study has made a comprehensive research regarding the impact of information technology on the banking industry With Special Reference to Nagpur Division.

KEYWORDS : Information Technology, Banking Industry, Indian financial system.

INTRODUCTION:

Indian banking industry is in midst of IT revolution. Banking industry is backbone of Indian financial system and it is afflicted by many challenging forces. One such force is revolution of information technology. In this Globalized era, technology support is very important for the successful functioning of the banking sector. This research paper focuses on the impact of technology in Indian banking sector. Without information technology and communication we cannot think about the success of banking industry, it has enlarged the role of banking sector in Indian economy. Information technology refers to the acquisition, processing, storage and communication of all types of information by using computer technology and telecommunication system.

Information technology is an integrated framework for acquiring and evolving of IT to achieve certain strategic goal. For creating an efficient banking system, which can respond adequately to the needs of growing economy, technology has a key role to play.

In past one and a half decade, banks in India have invested heavily in the technology such as Tele banking, mobile banking, net banking, automated teller machines (ATMs), credit cards, debit cards, smart cards, customer relationship management (CRM) software, electronic payment systems and data warehousing and data mining solutions, to bring improvements in quality of customer services and the fast processing of banking operation. Heavy investments in IT have been made by the banks in the expectation of improvement in their performance. But improvement in the performance depends upon, differences in the deployment, use and effectiveness of IT. Information technology in banking sector refers to the use of sophisticated information and communication technologies together with computer science to enable banks to offer better services to its customers in a secure, reliable and affordable manner and sustain competitive advantage over other banks. Banks are no longer restricted themselves to traditional banking activities, but explore newer avenues to increase business and capture new market by implementing the new technology.

Table no. 1 Responses of customers regarding Benefits of IT services to the selected customers of public and private banks in Nagpur division (N=500)

Sl. No.	Description	Rating									
		1		2		3		4		5	
		No.	%	No.	%	No.	%	No.	%	No.	%
01.	Customer Relationship Management (CRM)	170	34	200	40	20	04	60	12	50	10
02.	Demand Draft	140	28	250	50	10	02	90	18	10	02
03.	Easy Deposit and Withdrawal	30	06	120	24	40	08	220	44	90	18
04.	Fast, Quick Transaction with perfection	70	14	210	42	20	04	180	36	20	04
05.	Information Security	100	20	320	64	30	06	40	08	10	02
06.	Reduce the time in the Collection of Cheques	80	16	220	44	10	02	130	26	60	12

Source: Survey Data

(Note: 1 – Highly Agree 2 - Agree 3 - Neutral 4 -Disagree 5 - Highly Disagree)

It is observed that out of total 500 respondents indicates the benefits of IT in the public and private Banks in Nagpur division. It reveals that 420(84%) respondents Highly Agreed and agreed for the benefits of Information Security, more than 375(75%) for the benefits of Demand Draft, followed by a total of 370(74%) for Customer Relationship Management, while 310 (62%) of the customers disagreeing the benefit of Easy Deposit and Withdrawal (only 150 (30%) agreeing) 200 (40%) disagree for Fast, Quick Transaction with perfection followed by reducing the time in collection of cheques 190 (38%) From the results, it is observed that maximum customers of public and private banks are enjoying the benefits of IT adoption.

Table no. 2: Responses of customers regarding for Usage of specific IT Services of the selected customers of public and private banks in Nagpur division. (N=500)

Sl. No.	Description	Rating									
		1		2		3		4		5	
		No.	%	No.	%	No.	%	No.	%	No.	%
01.	Check the Bank Balance	130	26	330	66	20	04	20	04	-	-
02.	Easy Accounts maintenance	110	22	220	44	20	04	110	22	40	08
03.	International transactions	120	24	310	62	30	06	40	08	-	-
04.	LIC Premium transfer or payments	110	22	250	50	60	12	40	08	40	08
05.	Online shopping	30	06	130	26	20	04	170	34	150	30
06.	Online Trading and payments	160	32	240	48	40	08	30	06	30	06
07.	Payment of LPG or Electricity Bill, Telephone Bill, School/College fee payments	-	-	20	04	30	06	250	50	200	40
08.	Quick Settlement	210	42	280	56	10	02	-	-	-	-

(Note: 1 – Highly Agree 2 - Agree 3 - Neutral 4 -Disagree 5 - Highly Disagree)

It is observed that out of total 500 respondents, it can be observed that out of specific IT services, 490(98%) customers Highly agreed and agreed the usage of IT for quick settlement, 460 (92%) for checking the balance, more than 425(85%) for the usage of International transactions, followed by 400 (80%) for online trading and payments. On the other side, it can also be found that 450 (90%) of customers disagree for the usage of IT services towards the payment of LPG or Electricity Bills and 320(64%) disagreeing IT for online shopping. On the whole, it can be concluded that maximum customers accepted the usage of technology for their specific requirements in their day to day transactions.

Table no. 3: Responses of customers regarding Information Technology (IT) adoption among the selected customers of public and private banks in Nagpur division.(N=500)

Sl. No.	Description	Rating									
		1		2		3		4		5	
		No.	%	No.	%	No.	%	No.	%	No.	%
01.	Core Banking Solution (CBS)	190	38	210	42	50	10	30	06	20	04
02.	Electronic Clearance System (ECS)	50	10	90	18	80	16	140	28	140	28
03.	Electronic Payment System (EPS)	40	08	90	18	100	20	160	32	110	22
04.	Internet Banking	60	12	120	24	70	14	150	30	100	20
05.	Mobile Banking (MB)	70	14	200	40	40	08	130	26	60	12
06.	National Electronic Fund Transfer (NEFT)	230	46	210	42	50	10	10	02	00	00
07.	Plastic Money (PM)	90	18	160	32	20	04	120	24	110	22
08.	Real Time Gross Settlement (RTGS)	140	28	200	40	90	18	50	10	20	04
09.	Virtual Banking and E – Money	100	20	220	44	60	12	50	10	70	14

Source: Survey Data

(Note: 1 – Highly Agree 2 - Agree 3 - Neutral 4 -Disagree 5 - Highly Disagree)

It is observed that out of total 500 respondents it can be observed that out of respondents, a total of 440 (88%) Highly agreed and agreed to use the NEFT followed by 200 (80%) customers agreed for the adoption of CBS, 340 (68%) strongly agreed and agreed for the RTGS services. A total of 280 (56%) disagreed for ECS and 270 (54%) for the EPS. It is clear from table no. 5.24 that selected customer's attitude towards the adoption of the IT is positive and highly acceptable by them.

CONCLUSION:-

The operational activities of public and Private Banks have increased due to the computerization. Areas where operational activities become more effective: Statement of accounts, Transfer transactions, Accurate Enquiries about account balance, Secrecy of Accounts, Correct Balancing. Areas where operational activities are not so much improved: Collection of instruments, Pass book printing, Cash transactions and Cash department functioning.

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